

DRAFT

INFORMATION PACKET

NATICK AFFORDABLE HOUSING LOTTERY

**“THE HILLS” TOWNHOME CONDOMINIUMS
SOUTH NATICK, MA**

This packet contains specific information on the background, eligibility requirements, selection priority categories and applications for this project. The developer of this project, Pulte Homes of N.E., LLC, invites you to read this information and submit an application if you think that you meet the eligibility requirements. This lottery is the first step in the selection process and does not assure you a townhome condominium. If you are selected in the lottery, you will start the purchase process by signing a Purchase & Sales agreement with a deposit, secure funding from a lender operating under Mass Housing (MH) underwriting standards, and close within sixty days.

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BACKGROUND

Affordable Housing in South Natick (Information Sheet A)

The developer, Pulte Homes of N.E., LLC, and the Town of Natick are working to provide this affordable housing opportunity in South Natick through the New England Fund Program. In this phase of the project, thirteen (13) of the townhome condominiums will be built in during 2010 & 2011 and will be sold to homebuyers with incomes at or below 80% of the area median income. The price of the three bedrooms town units will be \$187,600*. These townhome condominiums will be part of a 268 condominium development called South Natick Hills. A description of the development is attached on Information Sheet E.

All affordable units will have a Deed Restriction, described as the "Deed Rider" that will be recorded with the mortgage at the time of purchase. See page 13 for more information. The Deed Rider is available for review at the website www.sonatickhillslottery.com.

Since it is anticipated that there will be more interested and eligible applicants than available townhome condominiums, the Town and the developer will be sponsoring an application process and lottery to rank the eligible applicants for the program. The application and lottery process as well as the eligibility requirements, are described in Information Sheets B-D. Applications are available at:

Natick Town Hall, Morse Institute Library, or www.sonatickhillslottery.com

A public information workshop is scheduled for **February 9, 2010 at 7:00 PM** located at the Sales Center at South Natick Hills.

- The sale price of the units may be adjusted from time to time.

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ELIGIBILITY REQUIREMENTS
Affordable Housing in Natick
(Information Sheet B)

Q: Who is eligible to apply for the affordable townhome condominiums in Natick?

A: First- time home buyers whose income qualifies within PMSA Median Family Income (MFI) figures published by the Department of Housing and Urban Development (HUD). **It is recommended that all applicants attend a First-Time homebuyer class. A list of area classes may be found at www.chapa.org.**

First-time homebuyers are defined as a household that shall not have owned a home within three years preceding the application, with the exception of the following described in Sec III-10 of the Comprehensive Permit guidelines including the following:

1. Displaced homemakers, where the displaced homemaker (an adult who has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family), while a homemaker, owned a home with his or her partner or resided in a home owned by the partner;
2. Single parents, where the individual owned a home with his or her partner or resided in a home owned by the partner and is a single parent (is unmarried or legally separated from a spouse and either has 1 or more children of whom the individual has custody or joint custody, or is pregnant);
3. Households where at least one household member is 55 or over;
4. Households that owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations; and
5. Households that owned a property that was not in compliance with State, local or model building codes and that cannot be brought into compliance for less than the cost of constructing a permanent structure.

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What are the eligibility requirements?

- A: To be eligible to purchase an affordable townhome condominium annual income must be within a particular range, set by maximum income levels and asset limits as follows:

Maximum Income

To be eligible to apply for purchasing an affordable house, the combined annual income for all income sources of all income-earning members in the household must be at or below eighty percent (80%) of median income for the local area. Monthly housing cost (inclusive of principal, interest, property taxes, hazard insurance, private mortgage insurance and condominium or homeowner association fees) shall not exceed 38% of monthly income for a household earning 70% of area median income, adjusted for household size. Income in most cases is defined as gross taxable income as reported to the IRS. The maximum income allowed for this program in 2009 is:

<u>Household Size</u>	<u>Income Limit</u>
1	\$46,300
2	\$52,950
3	\$59,550
4	\$66,150
5	\$71,450

Down Payment Requirements

A Down Payment of at least three (3) percent of the purchase price is required. 1 ½ percent of this must be from the applicants own available funds. Co-signers are not allowed for this program.

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Asset Limits

Household asset limits shall not exceed \$75,000 in value. Assets may include net cash value of stocks, savings, bonds, and capital investments. The value of personal property such as furniture, autos, and clothing shall be excluded. Imputed income for assets over \$5,000 will be counted towards household income. Please see **Appendix A, page 11**, for a complete definition of assets for this affordable housing program.

The Asset/equity limit for an applicant age 55 or over who owns a home that will be sold or has proceeds from the sale of a home within twelve months of purchase of an affordable unit is an additional \$200,000.

SELECTION PROCESS

Q: How are applicants for the affordable townhome condominiums be selected?

A: Completed applications submitted by the application deadline, March 10, 2010 will be screened for eligibility and entered into the lottery. Applicants will be ranked according to their lottery number drawn. Late applications will not be considered for the lottery- **there will be no exceptions to this rule**. After the lottery the highest ranked applicants will be invited to select their unit and begin the purchase process.

Q: Will there be Local Preference for some of the townhome condominiums?

A: There will be Local Preference for seventy percent of the thirteen affordable townhome condominiums. Only applicants with Local Preference can be put in the Local drawing. All applicants will be entered in the General lottery drawing for the one General unit. First Preference will be given to households that require three bedrooms. Households that need three bedrooms will be drawn first. Households that do not require three bedrooms will be drawn next, and the single households will be drawn last.

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LOCAL PREFERENCE:

(The following categories are equal in priority)

- ❑ Current Resident - one or more applicants who are a currently reside in the town of Natick.
 - ❑ Applicants whose spouse, son, daughter, father, mother, brother or sister currently resides in the Town of Natick.
 - ❑ Applicants who are employed by the Town of Natick, including without limitation persons who work for Town of Natick departments and persons who work for the Natick Public Schools.
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GENERAL PREFERENCE:

All applicants, whether they are included in the Local Preference category or not, are included in the General Preference category. Households that need three bedrooms will be drawn first. Households that do not require three bedrooms will be drawn next, and the single households will be drawn last.

Q: Will there be preference for minority applicants?

A: There are no specific requirements to set aside a unit for a minority applicant. However, the local initiative program requires that the lottery have a representative number of minority applicants which reaches 20.7 percent. Minority applicants will be added to the local preference pool in order of their rankings until the percentage of minority applicants in the local preference pool is at least equal to 20.7%. After the lottery application deadline has passed, the lottery director will determine if the number minority applicants meets the percentage of minorities households in the surrounding HUD-defined area.

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SELECTION PRIORITY
Affordable Housing in South Natick
(Information Sheet C)

Q: What is the schedule for applications and the selection of buyers for the affordable townhome condominiums at South Natick Hills?

January 8, 2010: The developer will be publicizing the availability of this affordable housing opportunity in Natick and distributing applications and this Information Packet to all interested citizens throughout the area.

February 9, 2010: A Public Workshop will take place at the South Natick Hills Sales Center located at 5 Morgan Drive, S. Natick, MA 01760 on **Tuesday, February 9, 2010 at 7PM** to answer questions about the lottery process. Advertising will continue for the sixty-day marketing period thru March 10, 2010.

March 10, 2010: Homebuyers interested in applying for one of the thirteen (13) affordable townhome condominiums should complete and submit an application to participate in the lottery. The deadline for application submittal is **Wednesday, March 10, 2010 at 4 PM.**

ALL APPLICATIONS SHOULD BE MAILED TO JWO CONSULTANT SERVICES, P.O. BOX 323, WESTWOOD, MA 02090. Please mark on the envelope that it is for the Affordable Housing Lottery. Applications must be postmarked by 3/10/10. Incomplete and late applications will not be accepted.

March 23, 2010: The lottery drawing for "The Hills" will be held on **Tuesday, March 23, 2010 at 7PM** at the South Natick Hills Sales Center.

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MAIL YOUR APPLICATIONS EARLY

Upon receipt of a completed signed Lottery application the application will then be reviewed to determine if the household meets the threshold eligibility criteria. Eligible applicants will be issued a letter and lottery number confirming entry in the lottery selection process within ten days (10) days after the close of the advertising and pre-lottery activities period.

Your application will be reviewed for eligibility after it has been received. If you are eligible to enter the lottery, you will be notified with a confirmation letter that will include your registration number as well as information regarding the pool you are eligible to participate in. If you are eligible for the Natick preference pool, you will also be qualified to enter the general pool as well.

You do not need to be present at the drawing of the lottery. Once the lottery selection is complete, the selected applicants will be notified that they must begin the process of obtaining their financing. If, at any point, in the lottery process a selected applicant becomes ineligible, the next eligible applicant on the wait list will be notified and they must begin the process of obtaining their financing. **Applicants will have seven business days to sign a Purchase and Sales (P & S) agreement and give a deposit of three percent of the purchase price. Closings will take place approximately 60 days after signing the P & S.**

**DESCRIPTION OF “THE HILLS”
SOUTH NATICK, MA
(Information Sheet E)**

“The Hills” Community in South Natick

This community is being developed by Pulte Homes of New England LLC. who will construct 268 condominiums conveniently located off South Main Street (RT 27), which provides easy commute to Boston via I-90 (Mass Pike) or with access via I-95 and I-495 All exterior features will be equal to market priced units.

Unit Selection

There will be a total of thirteen (13) affordable townhome condominiums for the program available for the lottery on March 23, 2010. Based on construction schedule the thirteen (13) units will be available 2010 and 2011.

Description of the Style available:

Morgan @ 1,990 SF (12 Townhomes Available) Price- \$187,600

The Morgan is a 1,990 square feet unit of living space. This home offers a spacious open concept featuring three-bedrooms, 2 ½ baths with luxury master suite with walk-in closet on the first floor, eat-in kitchen, dining room, great room, laundry/mudroom off the two car garage and a private deck.

Milton @ 2,160 SF (1 Townhome Available) Price- \$187,600

The Milton is a 2,160 square feet unit of living space. This home offers a spacious open concept featuring three-bedrooms, 2 ½ baths with luxury suite with walk-in closet on the first floor, eat-in kitchen, dining room, great room, laundry/mudroom off the two car garage, and a private deck.

**“THE HILLS” LOTTERY PROGRAM
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APPENDIX A

Appendix A: Definition of Assets

The value of necessary items of personal property, such as furniture or automobiles shall be excluded. Determination of assets shall be based upon a full and fair present cash value of the asset at the time of application to the program. If a potential purchaser divests himself or herself of an asset for less than full and fair present cash value of the asset within one year prior to application, the full and fair cash value of the asset at the time of its disposition must be declared and shall be included for purposes of calculating eligibility.

Household Assets include the following:

1. Cash held in savings and checking accounts, safe deposit boxes, homes, etc: For savings accounts, use the current balance. For checking accounts, use the average balance for the last six months. Assets held in foreign countries are considered assets.

2. Revocable trusts: The cash value of any revocable trust available to the applicant

3. Equity in rental property or other capital investments: The current fair market value less (a) any unpaid balance on any loans secured by the property and (b) reasonable costs that would be incurred in selling the asset (e.g., penalties, broker fees, etc.).

4. Stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts: The value of stocks and other assets vary from one day to another and should be determined within a reasonable time in advance of the applicant's submission of an application to participate in the subject housing program.

5. Individual retirement, 401K, and Keogh accounts: When the holder has access to the funds, even though a penalty may be assessed. If the applicant is making occasional withdrawals from the account, determine the amount of the asset by using the average balance for the previous six months. (Do not count withdrawals as income.)

6. Retirement and pension funds

a) While the person is employed:

Amounts the applicant can withdraw without retiring or terminating employment. Count the whole amount less any penalties or transaction costs.

b) At retirement, termination of employment, or withdrawal:

- Periodic receipts from pension and retirement funds are counted as income. Lump-sum receipts from pension and retirement funds are counted as assets. Count the amount as an asset or as income, as provided below. If benefits will be received in a lump sum, include the lump-sum receipt in net household assets. If benefits will be received through periodic payments, include the benefits in annual income. Do not count any remaining amounts in the account as an asset.

If the applicant initially receives a lump-sum benefit followed by periodic payments, count the lump-sum benefit as an asset as provided in the example below and treat the periodic payment as income. In subsequent years, count only the periodic payment as income. Do not count the remaining amount as an asset.

NOTE: This paragraph assumes that the lump-sum receipt is a one-time receipt and that it does not represent delayed periodic payments. However, in situations in which a lump-sum payment does represent delayed periodic payments, then the amount would be considered as income and not an asset.

7. Cash value of life insurance policies available to the applicant before death (e.g., the surrender value of a whole life policy or a universal life policy): It would not include a value for term insurance, which has no cash value to the applicant before death.

8. Personal property held as an investment: Gems, jewelry, coin collections, or antique cars held as an investment. Personal jewelry is NOT considered an asset.

9. Lump-sum receipts or one-time receipts: Inheritances, capital gains, one-time lottery winnings, victim's restitution, settlements on insurance claims (including health and accident insurance, worker's compensation, and personal or property losses), and any other amounts that are not intended as periodic payments.

10. A mortgage or deed of trust held by an applicant: Payments on this type of asset are often received as one combined payment of principal and interest with the interest portion counted as income from the asset. This combined figure needs to be separated into the principal and interest portions of the payment. (This can be done by referring to an amortization schedule that relates to the specific term and interest rate of the mortgage.)

To count the actual income for this asset, use the interest portion due, based on the amortization schedule, for the 12-month period following the certification. To count the imputed income for this asset, determine the asset value at the end of the 12-month period following the certification.

Household Assets DO NOT include the following:

- **Personal property (clothing, furniture, cars, wedding ring, other jewelry that is not held as an investment, vehicles specially equipped for persons with disabilities).**
 - **Interests in Indian trust land.**
 - **Term life insurance policies (i.e., where there is no cash value).**
 - **Equity in the cooperative unit in which the applicant lives.**
 - **Assets that are part of an active business: "Business" does NOT include rental of properties that are held as investments unless such properties are the applicant's main occupation.**
 - **Assets that are NOT effectively owned by the applicant: Assets are not effectively owned when they are held in an individual's name, but (a) the assets and any income they earn accrue to the benefit of someone else who is not the applicant, and (b) that other person is responsible for income taxes incurred on income generated by the assets.**
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**DEED RESTRICTIONS
“THE HILLS” TOWNHOME CONDOMINIUMS
SOUTH NATICK, MA**

There are deed restrictions that are used to maintain affordability for future buyers. Future buyers of an affordable unit will be restricted to 80% of applicable area median income determined by HUD. Other conditions regarding future sales are covered in the provisions of the Affordable Housing Covenant and the Deed Rider. (see attached)

- ❑ Units cannot be refinanced or resold without PRIOR approval of the designated monitoring agent and the Town of Natick.
- ❑ resale prices will be set using a formula that will maintain affordability over time and sale prices can increase only at the same rate as area median incomes increase
- ❑ no capital improvements can be counted without pre-approval of the designated monitoring agent.
- ❑ owners must live in their units as their primary residence
- ❑ buyers should review the deed rider with their own attorney to ensure full understanding of its provisions that units remain affordable and subject to deed rider restrictions in perpetuity
- ❑ The Deed Rider can be downloaded at *www.southnatickhillslottery.com*

